



Comparison of Annuities' Features

	Deferred Fixed Annuity	Deferred Fixed Indexed Annuity	Deferred Variable Annuity	Single Premium Immediate Annuity (SPIA)
General features	Provides guaranteed ¹ growth via a stated interest rate that may compete with bonds or CDs, depending on current interest rates	Earnings are tied to some type of market index, allowing for potential growth while minimizing losses	Earnings are generally tied to mutual fund-like subaccounts that can rise or fall	Provides an immediate guaranteed income stream ²
Protection from market volatility	Generally independent of market fluctuations	The rate received may fluctuate with the index chosen	May be more volatile depending on the subaccounts chosen	Income does not vary with markets once started
Protection of principal	Yes	Dependent on the contract	Dependent on the contract	Can be protected with Return of Premium Feature
Guaranteed ¹ growth	Yes	Dependent on the contract. May have minimum guaranteed growth	Dependent on the contract. May have minimum guaranteed growth	No, intended purely for income purposes
How annuities are taxed	<ul style="list-style-type: none">• Tax-deferred during the accumulation period• Generally taxed as LIFO* during the distribution period, unless annuitized• Distributions from qualified accounts are taxed as ordinary income	<ul style="list-style-type: none">• Tax-deferred during the accumulation period• Generally taxed as LIFO* during the distribution period, unless annuitized• Distributions from qualified accounts are taxed as ordinary income	<ul style="list-style-type: none">• Tax-deferred during the accumulation period• Nonqualified annuity distributions are generally taxed as ordinary income using LIFO* method, unless annuitized• Qualified accounts are taxed as ordinary income during the distribution period	All income from an SPIA is taxable if held in a traditional IRA. Nontaxable if held in a Roth IRA. In a taxable account, each payment consists of return of premium and part taxable interest
Cash value of an annuity	Grows at the stated fixed rate	Grows based on the rate generated by the contract for the underlying index	Grows based on the performance of the subaccounts and contract stipulations	Generally does not generate cash value other than periodic income
Guaranteed ¹ lifetime income	Yes, if annuitized as a life annuity	Possibly, depending on contract features	Possibly, depending on contract features, such as Guaranteed Minimum Income Benefits (GMIB)	Yes, if annuitized as a life annuity
Inflation protection	Normally no	Dependent on the index	Dependent on the subaccounts	Yes, with an inflation rider
Access to money during surrender period	Dependent on the contract and IRS rules	Dependent on the contract and IRS rules	Dependent on the contract and IRS rules	Not Applicable
Withdrawal features	May allow for a withdrawal percentage during surrender charge period	May allow for a withdrawal percentage during surrender charge period	May allow for a withdrawal percentage during surrender charge period and Guaranteed Lifetime Withdrawal Benefits (GLWB)	Not applicable since payout begins immediately
Borrowing against an annuity	May be an option depending on the contract and IRS rules. Must be paid back with interest	May be an option depending on the contract and IRS rules. Must be paid back with interest	May be an option depending on the contract and IRS rules. Must be paid back with interest	Generally not an option
Surrender period penalties	Generally range from 3 to 7 years	Generally range from 3 to 7 years	Generally range from 3 to 7 years	Not applicable since SPIAs generally cannot be surrendered for cash
Fees/expenses	Generally lower	Generally higher, depending on riders and commissions	Generally higher, depending on riders and commissions	Generally lower and are reflected in the payout amount
Simplicity	Usually easy to understand with minimal maintenance	More attention required since returns are tied to a particular index or indices	Multiple riders or features of the contract, and ongoing management of the subaccounts may be more complex	Usually easy to understand with minimal maintenance
Unlimited contributions	Generally yes for nonqualified accounts. IRS limits apply to qualified accounts.	Generally yes for nonqualified accounts. IRS limits apply to qualified accounts.	Generally yes for nonqualified accounts. IRS limits apply to qualified accounts.	No. SPIAs are purchased individually with a single premium.

* Generally taxed as last in, first out (LIFO) during the distribution period, unless annuitized

1 Guarantees apply to certain insurance and annuity products and are subject to product terms, exclusions and limitations and the insurer's claims-paying ability and financial strength.

2 Money not previously taxed is taxed as income when paid. Withdrawals before age 59½ may be subject to a 10% federal tax penalty.

An annuity is a long-term insurance contract issued by an insurance company designed to provide a retirement income stream for life. Once the contract principal is converted into an income stream, you will no longer have access to your principal as a lump sum. Terms, conditions, limitations and surrender charges may apply.

Surrender charges may apply to withdrawals.

Life insurance and annuities provided by USAA Life Insurance Company, San Antonio, TX and in New York by USAA Life Insurance Company of New York, Highland Falls, NY. All insurance products are subject to state availability, issue limitations and contractual terms and conditions. Each company has sole financial responsibility for its own products.